

VRS



VALUATION & RESEARCH SPECIALISTS

CORPORATE DEALS

Greece

2015 - 2017

A short review of corporate deals and investment activities related to the Greek market for the period 2015 - 2017

In collaboration with **Finance Club University of Macedonia**

CORPORATE DEALS

Total amount of deals 2015 – 2017: **36,029 (€m)** *(based on deals with disclosed amounts)*

2017: Greek market back on track

According to our data, during the examined period, 447 deals announced were valued at €36 billion. From 2015 to 2016, while deals activity increased, investment levels decreased more than 50%. This decrease can be attributed to the amount of €12 billion concerning bank recapitalizations in 2015.

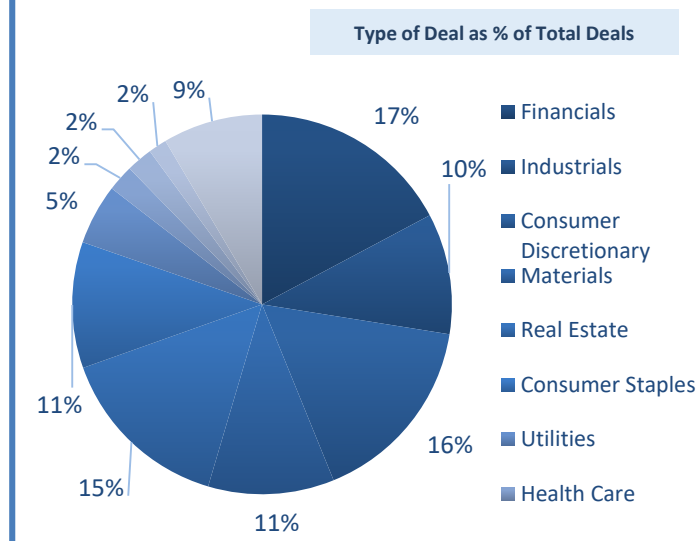
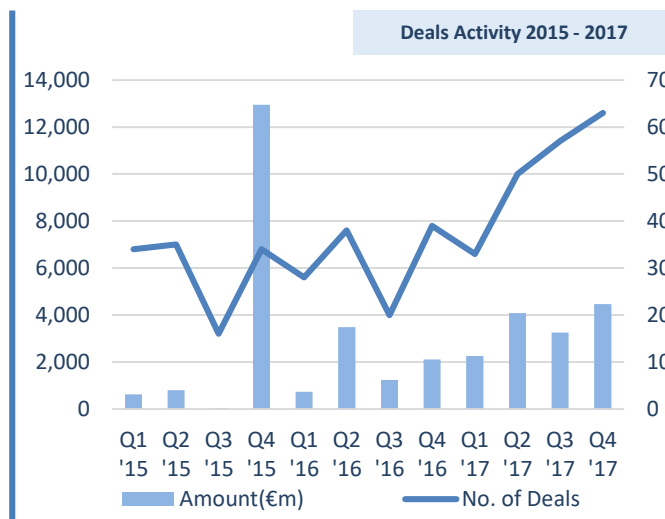
In general, with bank recapitalizations excluded, the number and total value of deals increased significantly from 119 and €2.2 billion in 2015 to 203 and €14 billion in 2017 respectively.

Across all major sector categories, there were fluctuations both in the number and total amount of deals. However, in 2017, 10 out of 12 sectors have seen strongly positive percentage gains.

Regarding the number of deals per sector during 2015-2017, financials accounted for 17%, followed by Consumer Discretionary (16%) and Real Estate (15%). The smallest number of deals was recorded in Telecommunication Services (7 deals or 2%).

Over the past 3 years, the sectors that have seen the biggest increases in value of deals, succeeding more than €1 billion increase in comparison to 2015, were Industrials, Consumer Discretionary and Utilities.

The same period, the sectors that recorded declines in comparison to 2015, were Financials and Telecommunication Services.



SECTOR: ENERGY

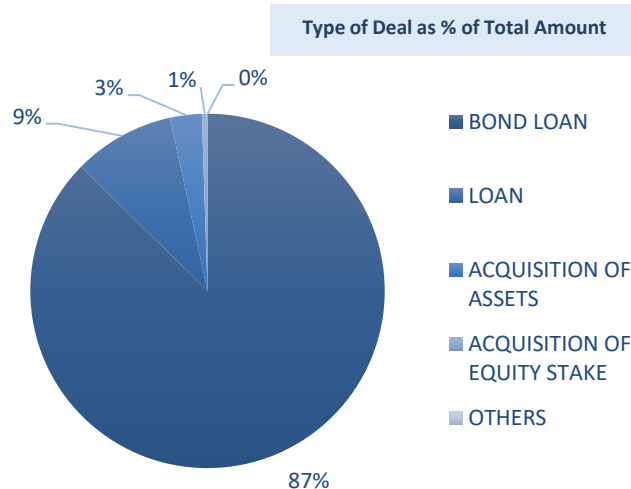
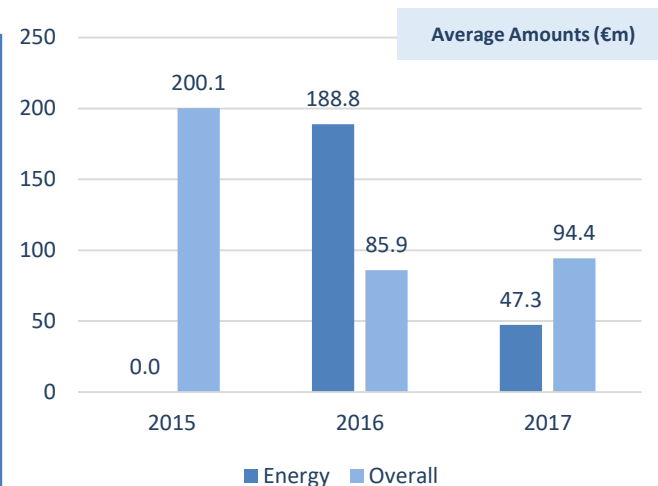
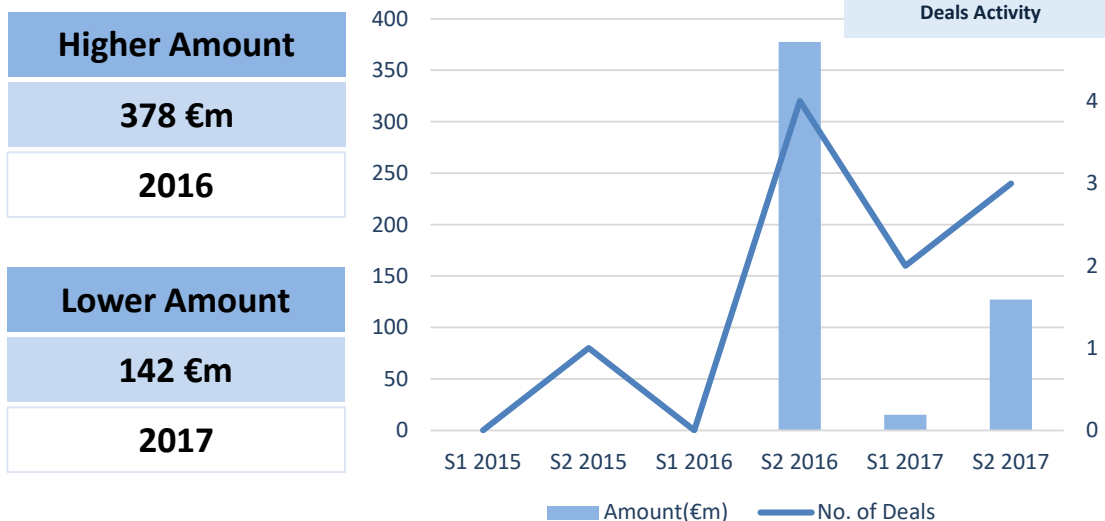
Total amount of deals 2015 – 2017: **520 (€m)** *(based on deals with disclosed amounts)*

Extension and enhancement of activities towards growth

Energy sector is characterized by a small number of deals with high volatility. Companies of this sector operate in a complex environment with many regulatory requirements and increased competition. However, based on deal announcements that concerned already existing company actions towards investments and expansion demonstrated new dynamics after years of stagnation.

During the examined period, the highest number of deals (5) was observed in 2017, while the greatest amount (€378 mil.) in 2016, where the average deal value outperformed compared to the average amount of the total deals. However, in 2017 the average deal value decreased and remained in lower levels than the average amount of total deals.

Concerning the type of deals, bond loans accounted for 87%, followed by loans (9%) and acquisitions of assets and equity stake (3% and 1% respectively). The above deals are mainly related with capital needs concerning finance of operations and investments.



SECTOR: MATERIALS

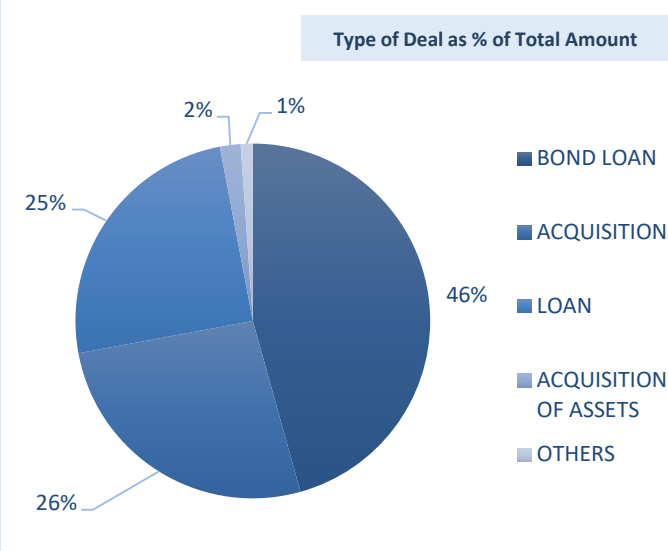
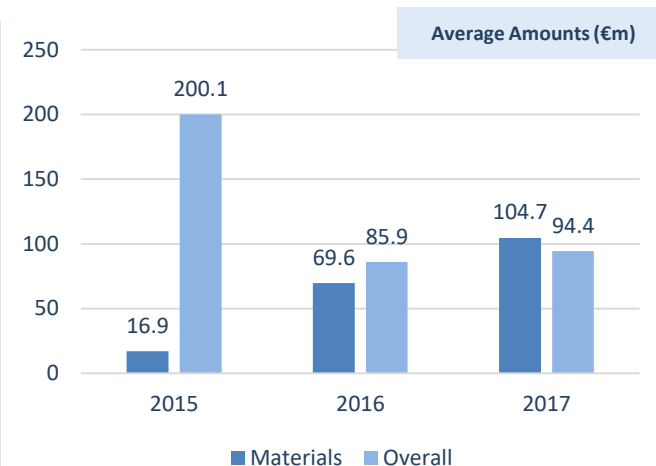
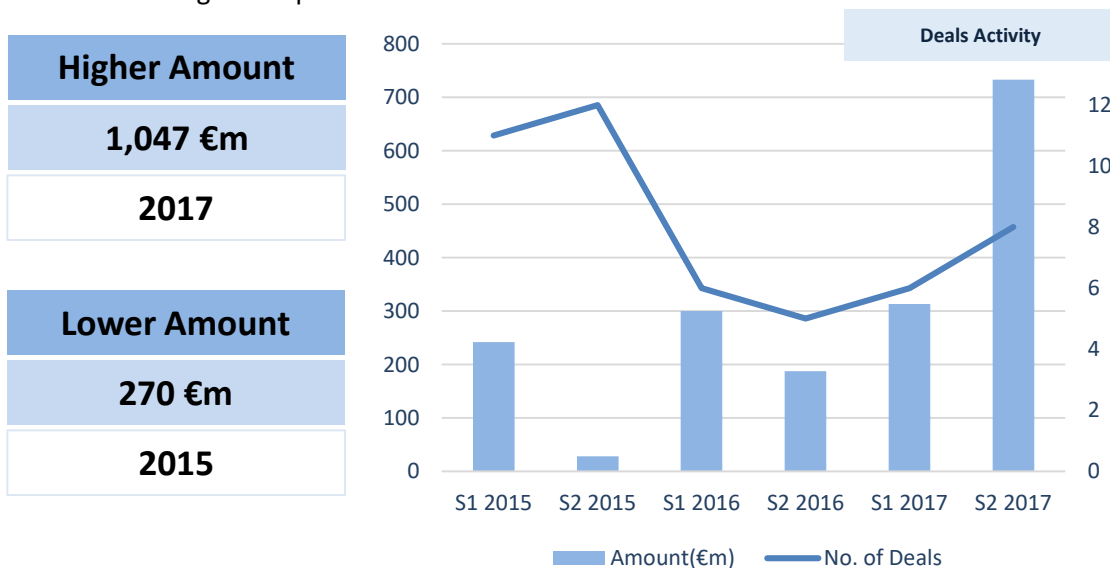
Total amount of deals 2015 – 2017: **1,804 (€m)** *(based on deals with disclosed amounts)*

Significant actions for a significant sector

Materials consist mainly of export-oriented companies, which in turn make up for the largest part of Greek exports. Even if the industry is hit by the crisis, investors show that they are aware of the importance of the sector for Greece’s economic viability as well as growth, and therefore are stepping up to support it.

During the examined period, the number of deals decreased from 23 in 2015 to 14 in 2017, unlike the total amount that increased from €270 to €1,047 million respectively. Regarding average deal values, the sector gradually increased its performance throughout the years until it eventually overtook the overall deal amount average in 2017.

Concerning the type of deals, bond loans accounted for 46%, followed by acquisitions (26%), loans (25%) and acquisition of assets (2%). The above deals are mainly related to debt refinancing and expansionist investments.



SECTOR: INDUSTRIALS

Total amount of deals 2015 – 2017: **4,030 (€m)** (based on deals with disclosed amounts)

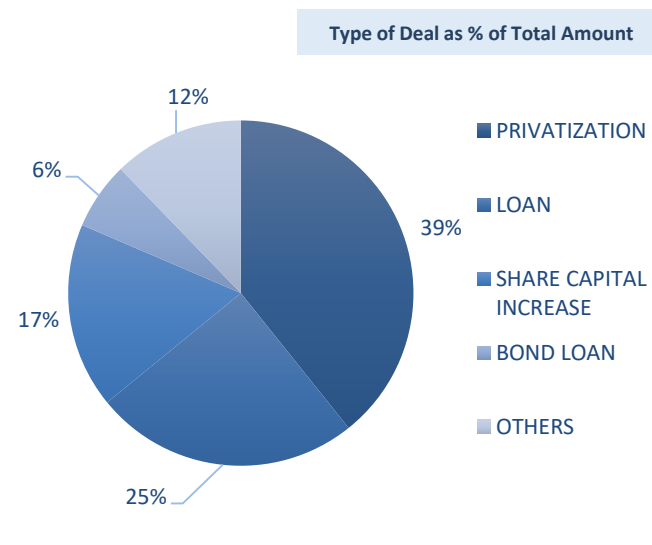
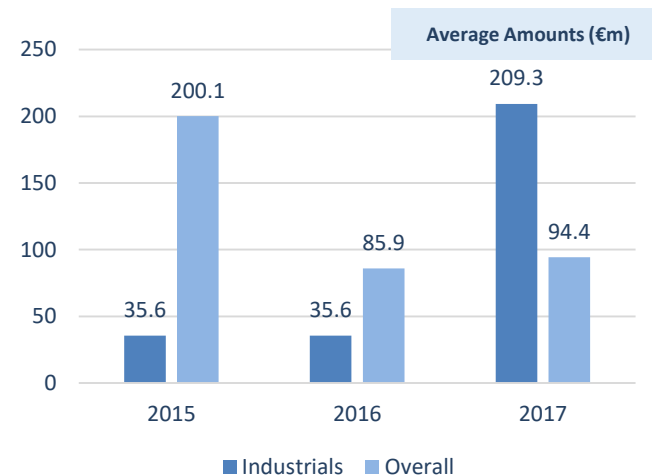
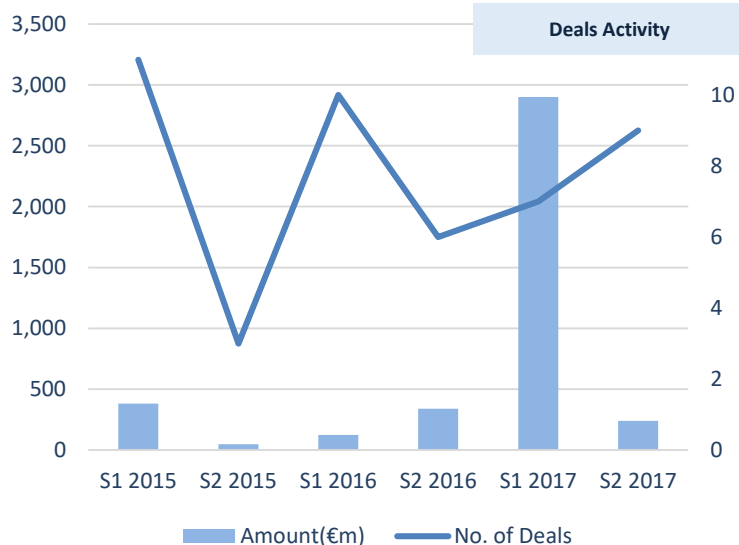
Actions towards extroversion and globalization needed

Industrial sector was heavily impacted by economic crisis. At the same time, problems concerning advances in technology and low performance set back growth. New investors focus on Greek State's assets in key industries, while existing companies try to adapt to changes through restructurings.

During the examined period, the amount of deals followed an unstable trajectory, while the number of deals remained stable. In 2017, the amount of deals increased 634% compared to 2015 due to Fraport's activity (2.85 billion). Regarding average deal value, with Fraport's activity excluded, the sector underperformed compared to the average amount of the total deals.

Concerning the type of deals announced, privatizations accounted for 39%, followed by bond loans (25%) and share capital increases (17%) mainly related with capital needs and restructuring.

Higher Amount
3,140 €m
2017
Lower Amount
428 €m
2015



SECTOR: CONSUMER DISCRETIONARY

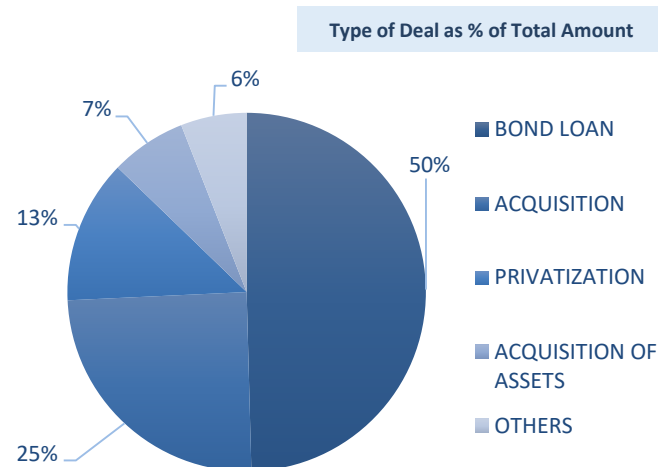
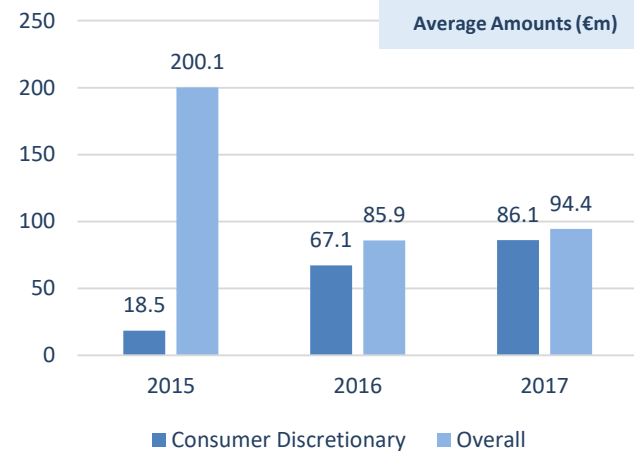
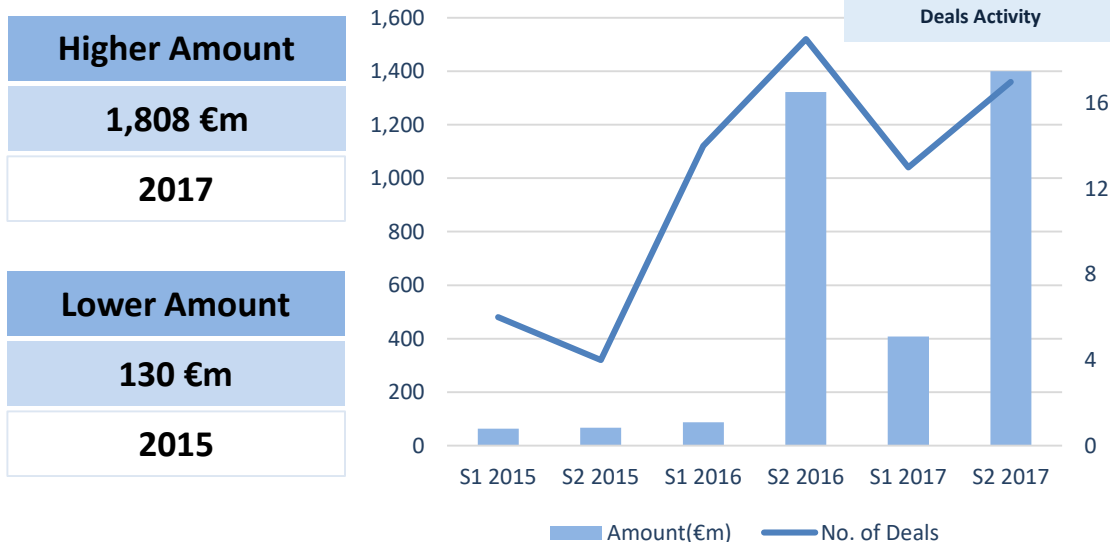
Total amount of deals 2015 – 2017: **3,346 (€m)** *(based on deals with disclosed amounts)*

Good performance, wait for more

The sector has been significantly affected by the economic crisis as purchasing power and consumer confidence have fallen dramatically. These are also reflected in the corporate deals of the sector as the majority of the capital was invested for the purpose of meeting capital needs.

During the examined period, the sector showed generally increased investment activity between 2015 – 2017 (63 business agreements within 2 years). Nevertheless, the average deal amounts over the three-year period were less than the average total amount per year, but presented an increasing trend year by year.

Concerning the type of deals announced, bond loans accounted for 50%, followed by acquisitions (25%) and privatizations (13%). Generally, most of the above business deals during the period concerned capital needs. However, investments in existing businesses aimed at acquiring control or equity stake were recorded as well.



SECTOR: CONSUMER STAPLES

Total amount of deals 2015 – 2017: **1,125 (€m)** *(based on deals with disclosed amounts)*

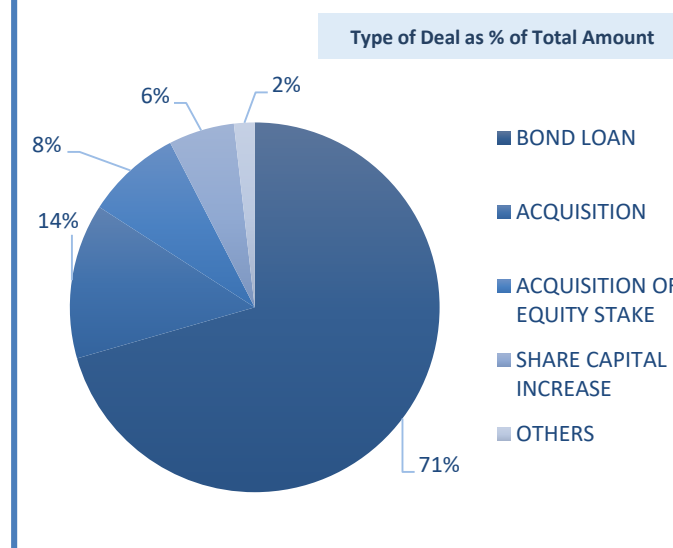
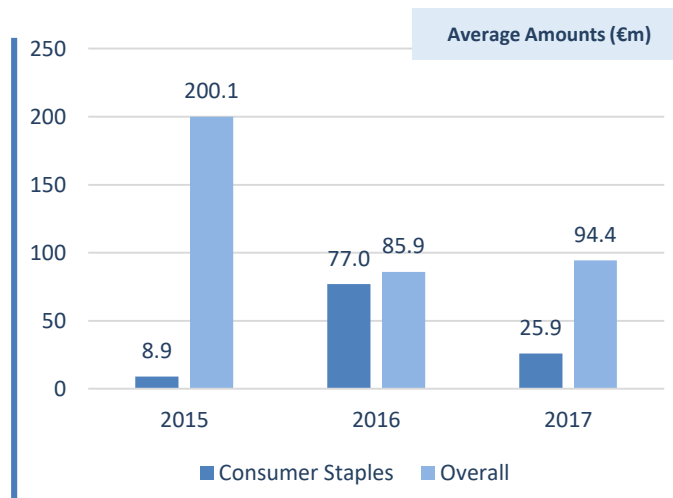
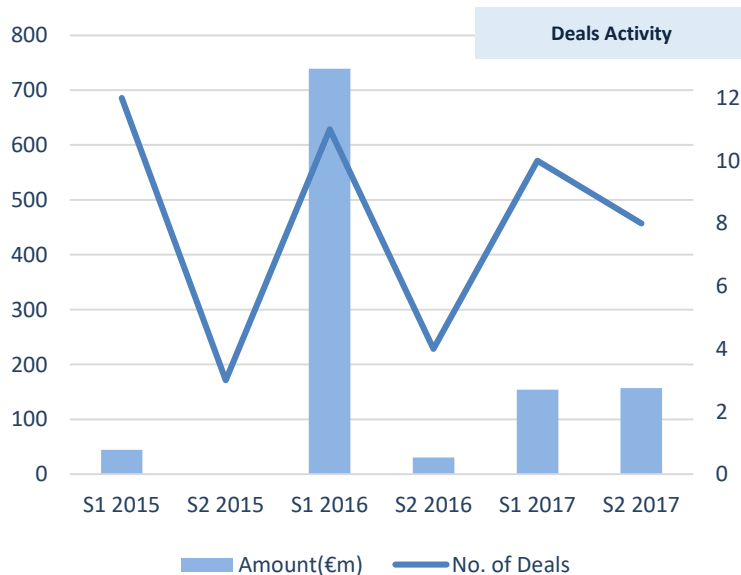
Ownership changes towards sustainability

Consumer Staples, deeply affected by the economic crisis, have faced significant capital shortages. This state of affairs seems to have opened the way for big chains to engage in strategic expansionary actions as well as for others to issue bond loans.

During the examined period, the number of deals stayed within fixed levels, while the total amount of deals showed a significant increase in H1 2016 due to the issuance of Coca Cola's Bond Loan (€600m). Regarding average deal values, the sector underperformed compared to the total deals.

Concerning the type of deals, bond loans accounted for 70%, followed by acquisitions and acquisitions of equity stakes, 14% and 8% respectively, and share capital increases (6%). The above deals are mainly related to debt refinancing and strategic expansions.

Higher Amount
770 €m
2016
Lower Amount
44 €m
2015



SECTOR: HEALTH CARE

Total amount of deals 2015 – 2017: **535 (€m)** *(based on deals with disclosed amounts)*

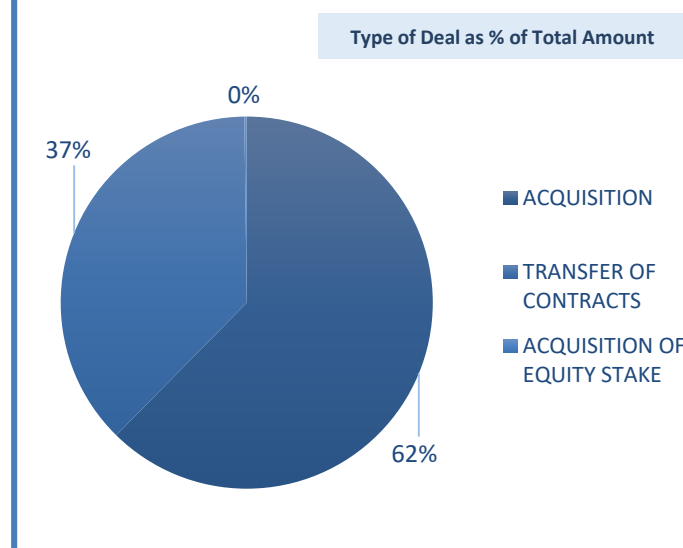
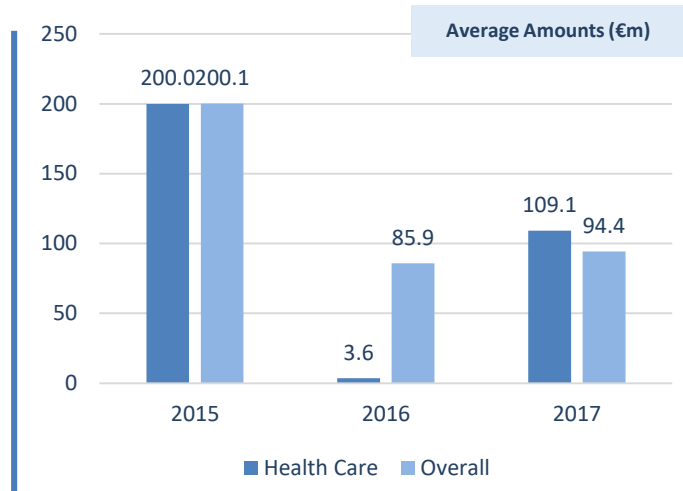
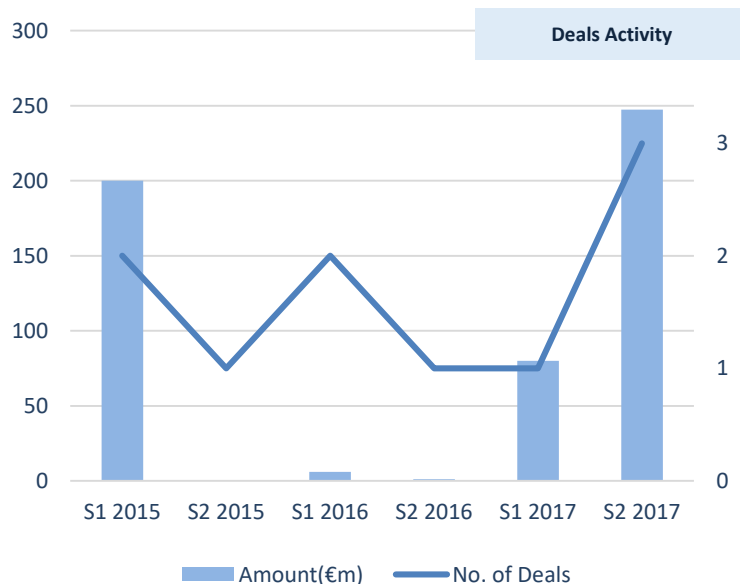
Low activity but increasing interest

Health Care is characterized by low capital mobility. However, the sector seems to attract the interest of international investors in the form of strategic investments, reaching a total of €327.4 million on deals in 2017 which accounted for 61% of the aggregate deal amount.

During the examined period, both the highest number of deals and the greatest amount (3 and €327 million respectively) have been observed in 2017, where the average deal value outperformed the average amount of the total deals. However, in 2016 the average deal value decreased and remained at lower levels than the average amount of total deals.

Concerning the type of deals, acquisitions account for 62%, which mainly concerned strategic investments and transfer of contracts for 38%.

Higher Amount
327 €m
2017
Lower Amount
7 €m
2016



SECTOR: FINANCIALS

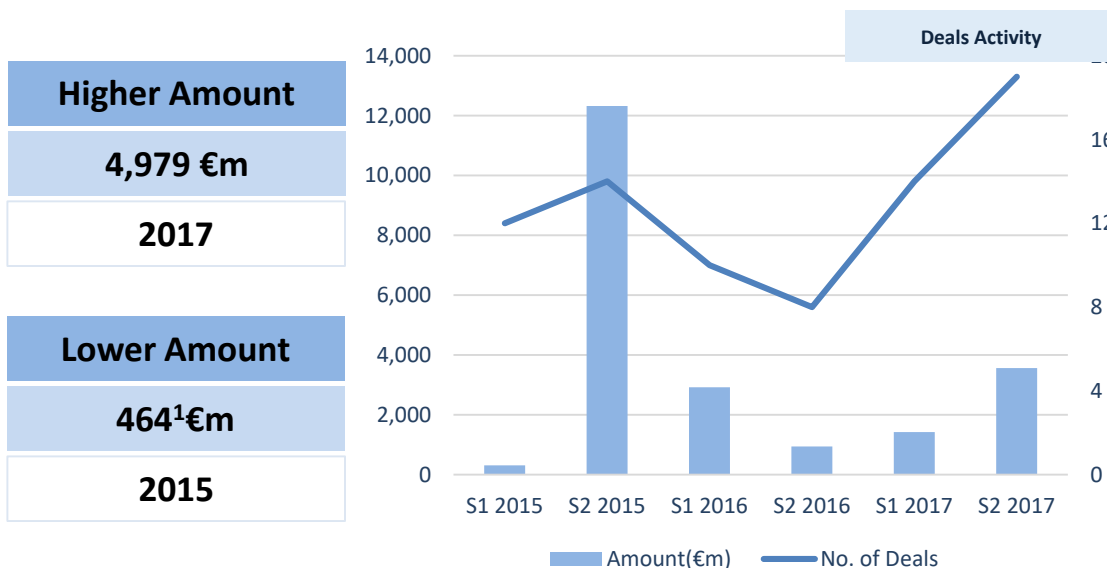
Total amount of deals 2015 – 2017: **21,471 (€m)** *(based on deals with disclosed amounts)*

Positive outlook after a stagnation period

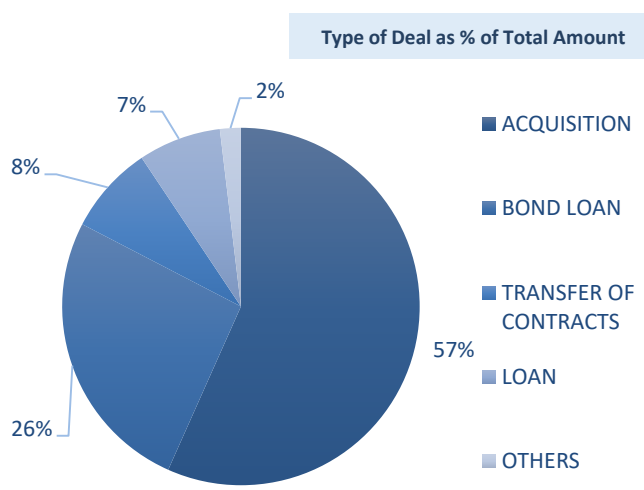
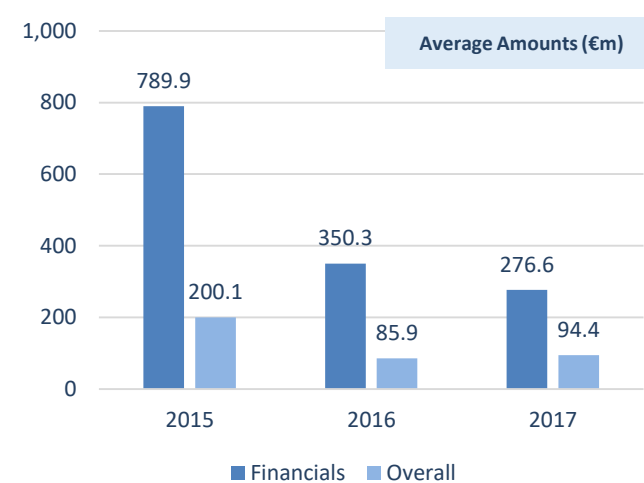
The Financial Sector was deeply affected by the crisis, resulting into a significant change in activities. Greek banks changed their capital structure in 2015 while holding companies operated in a stagnated environment.

During the examined period, the sector significantly outperformed the average annual deal amount. Even if the amounts corresponding to the recapitalization of Greek banks were excluded, the total business activity in the sector reached €9 billion in the three-year period 2015-2017.

Concerning the type deals announced, bank recapitalization accounted for 52% (€12 bill. in 2015), followed by acquisitions (27%) and bond loans (12%).



Higher Amount
4,979 €m
2017
Lower Amount
464¹€m
2015



SECTOR: INFORMATION TECHNOLOGY

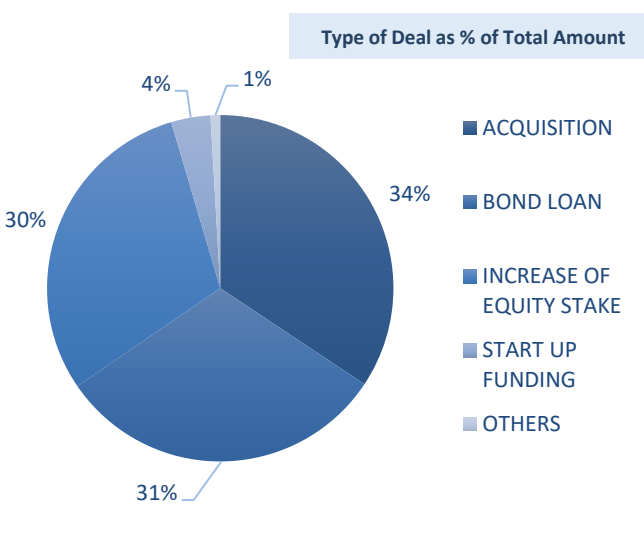
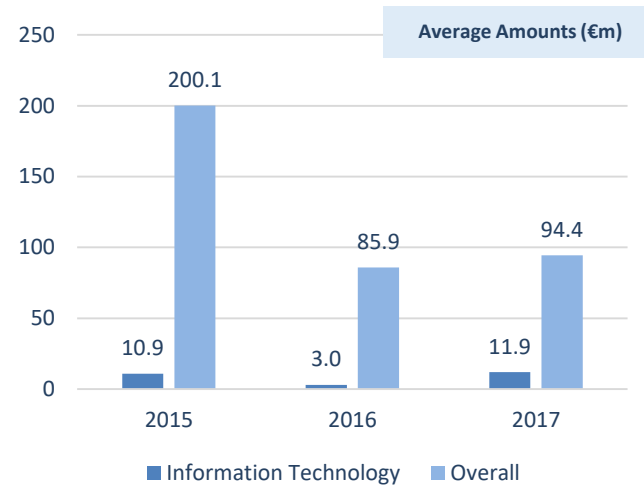
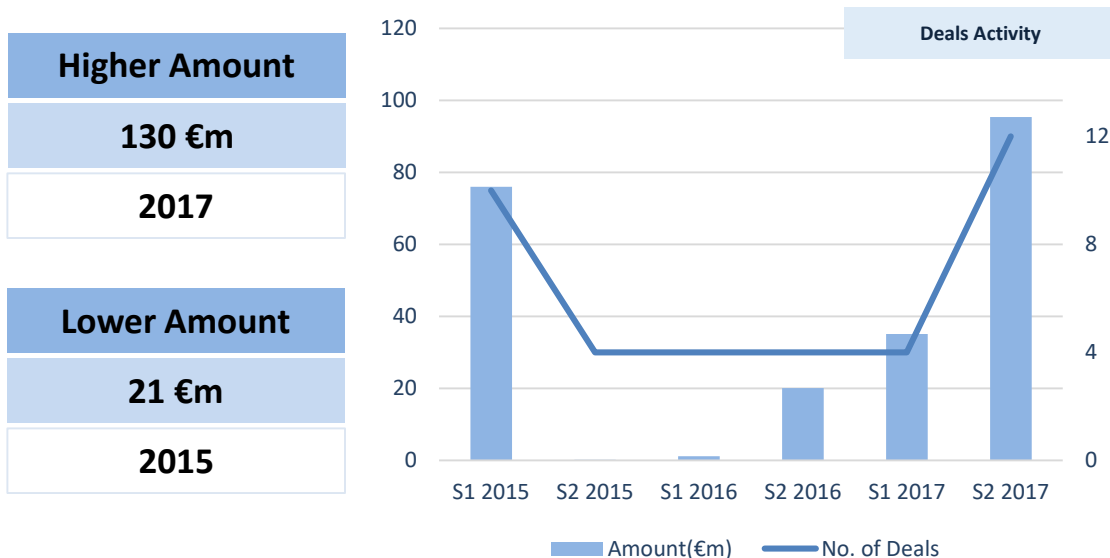
Total amount of deals 2015 – 2017: **228 (€m)** *(based on deals with disclosed amounts)*

Yet underdeveloped but with high prospects

Information Technology in Greece was always treated as a secondary investment direction by investors. Nevertheless, the increasing economic stability in the country seems to increase the investment opportunities as well as the interest for the sector.

During the examined period, both the number of deals and the total amount appeared to have declined significantly over the six-month period in which banks' recapitalization took place (H2 2015), and to have gradually risen since then. Regarding average deal values, the sector underperformed compared to the total deals.

Concerning the type of deals, acquisitions accounted for 34%, followed by bond loans (31%), increases of equity stakes (30%) and start-up funding (4%). The above deals were mainly related to debt refinancing and strategic investments.



SECTOR: TELECOMMUNICATION SERVICES

Total amount of deals 2015 – 2017: **482 (€m)** *(based on deals with disclosed amounts)*

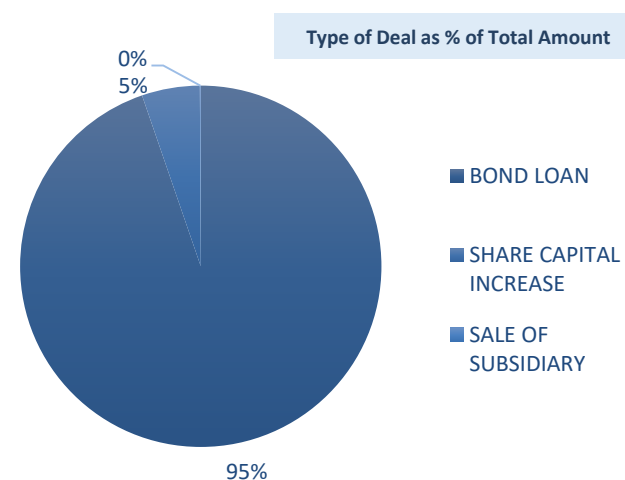
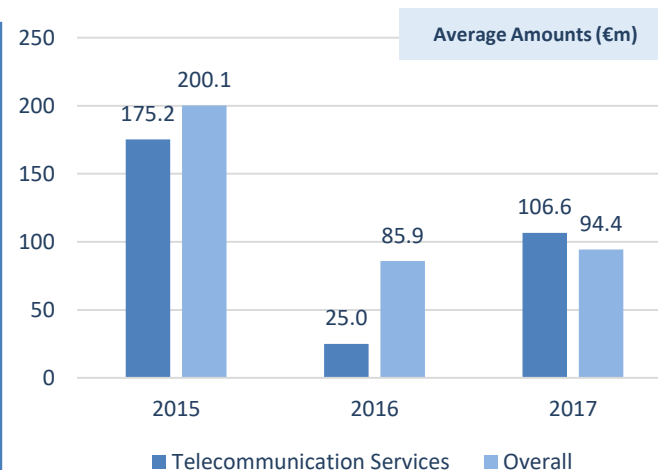
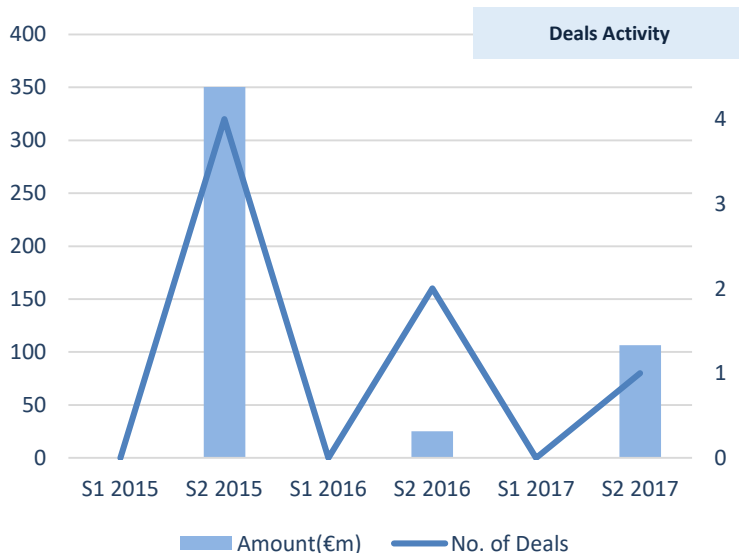
Poor performance, high concentration of activities

During the period under consideration, there was no clear signal for the telecommunication services industry due to the few deals recorded and the high concentration of the activities in a few companies. However, most of the activity in the sector aimed at the further development of the companies and the coverage of liquidity needs.

During the examined period, the sector underperformed the average annual deal amount. Unlike the other sectors which saw their performance increase over for the last two years, telecommunications recorded the largest amounts in 2015.

Concerning the type of deals, bond loans accounted for 95% of total business activity, followed by share capital increase (5%).

Higher Amount
350 €m
2015
Lower Amount
25 €m
2016



SECTOR: UTILITIES

Total amount of deals 2015 – 2017: **1,095 (€m)** (based on deals with disclosed amounts)

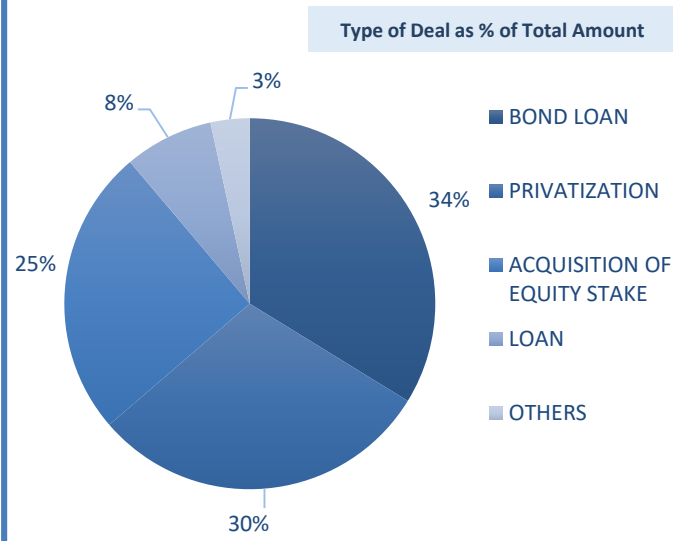
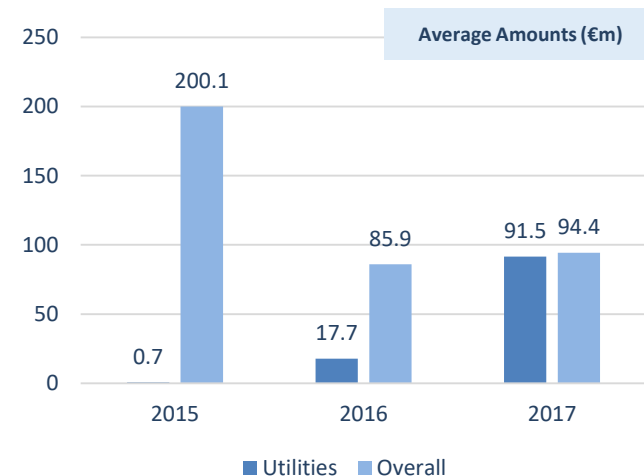
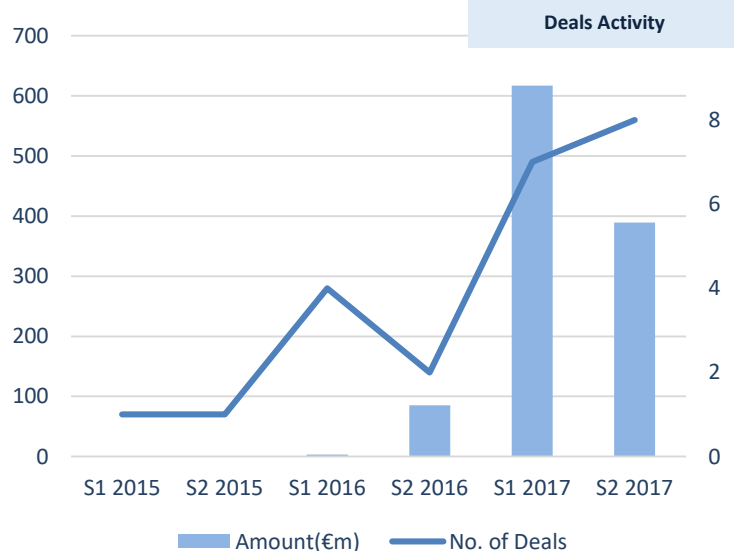
Opportunities many but also challenges

Utilities sector achieved a substantial growth over the three-year period showing the ability, mostly, of Greek established companies to adapt to changes which mainly concern renewable energy and environmental friendly policies. However, potential investors would have to implement reforms in compliance with EU policies.

During the examined period, the number and total value of deals increased significantly from 2 and €0.68 million in 2015 to 15 and over €1 billion in 2017 respectively. In 2017, while deal activity remained high, overall investment levels decreased. Regarding average deal value, the sector underperformed compared to the average amount of the total deals but a material upsurge occurred in 2017 representing the growth of investments per deal.

Concerning the type of deals announced, bond loans accounted for 34%, followed by privatizations (30%) and acquisitions of equity stake (25%). The above deals were mainly related to capital needs for investments and strategic expansions.

Higher Amount
1,006 €m
2017
Lower Amount
0.68 €m
2015



SECTOR: REAL ESTATE

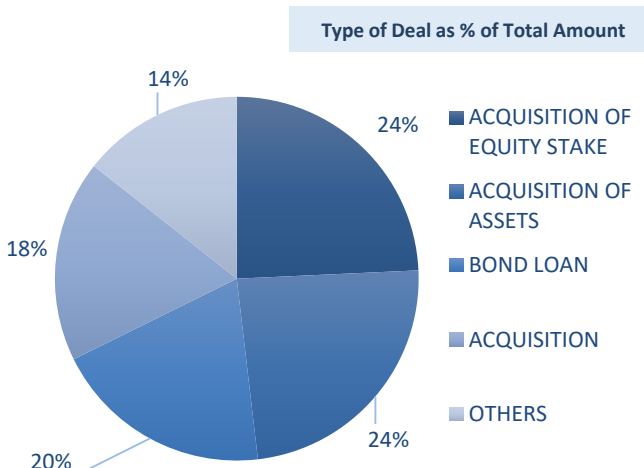
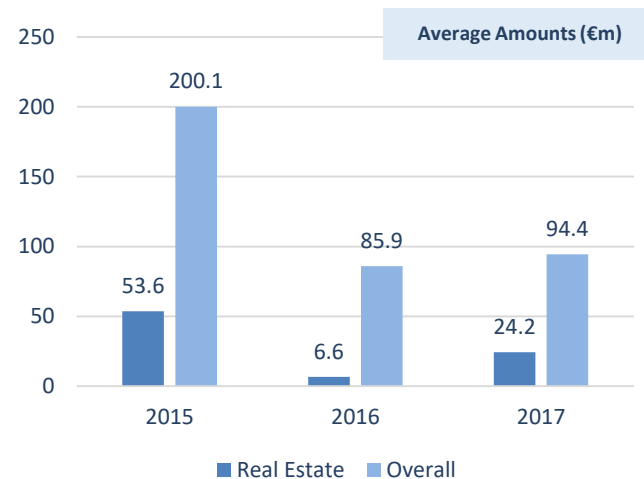
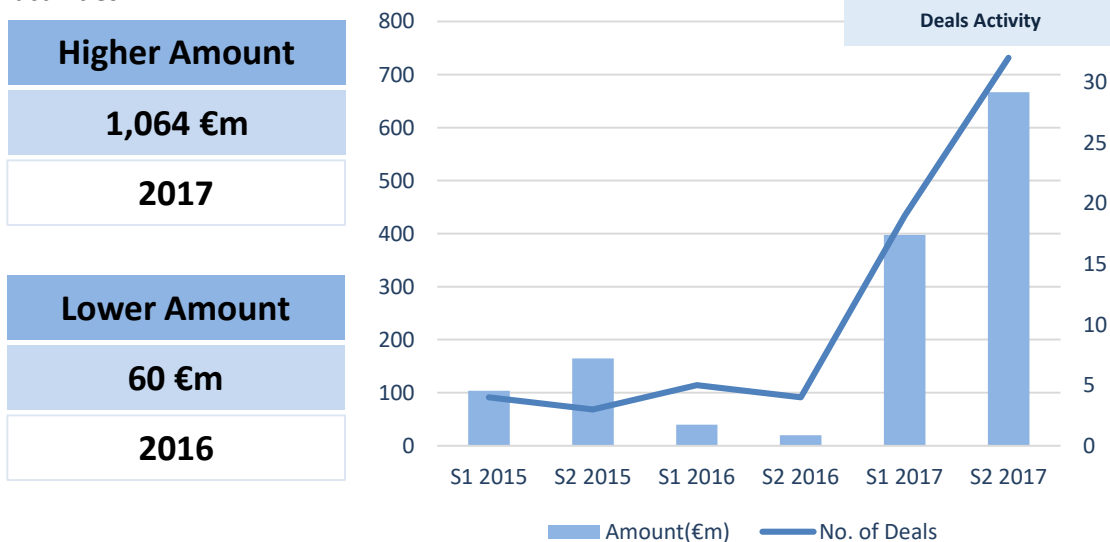
Total amount of deals 2015 – 2017: **1,392 (€m)** *(based on deals with disclosed amounts)*

Emerging trends and attractive alternatives

Real estate is a sector with an increasing interest both from international and domestic investors which can mainly be attributed to low prices (40% decrease from 2008) and booming supply, which is further enhanced by the auctions of mortgage NPLs. The investors appear to mainly focus on hotel and commercial assets.

During the examined period, the number and total value of deals increased significantly from 9 and €268 million in 2015 to 51 and more than €1 billion in 2017 attaining a growth of 629% and 297% respectively. Regarding average deal value, it underperformed compared to the average amount of the total deals.

Concerning the type of deals, acquisitions of equity stake and acquisitions of assets accounted for 48% (24% and 24% respectively) followed by bond loans (20%), mainly concerning property development, and acquisitions (18%) mainly related to expansion of activities.



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IMPORTANT DISCLOSURES

DISCLOSURE STATEMENT (3)

#	Type of Deal	Definition
[1]	ACQUISITION	Acquisition of a majority stake in company
[2]	ACQUISITION OF ASSETS	Acquisition of certain assets of the subject company
[3]	ACQUISITION OF EQUITY STAKE	Acquisition of an equity stake in a company (not necessarily majority stake)
[4]	BANK RECAPITALIZATION	Capital injection into a bank from state or private funds
[5]	BOND LOAN	Issuance of a bond loan
[6]	INCREASE OF EQUITY STAKE	Existing shareholder raising its equity stake in a company
[7]	LOAN	Loan from a credit or banking institution
[8]	MERGER	Merger between two companies with the one absorbing the other
[9]	PRIVATIZATION	Transfer of ownership from the state to private investors
[10]	SALE OF ASSETS	Sale of certain assets by the subject company
[11]	SALE OF SUBSIDIARY	Sale of the subject company's subsidiary
[12]	SHARE CAPITAL INCREASE	Capital injection into a company from existing or new shareholders.
[15]	START UP FUNDING	Capital injected into a start up entity.
[14]	TRANSFER OF CONTRACTS	Sale of assets in the form of non-performing loans or other customer related contracts

DISCLOSURE STATEMENT (4)

We have conducted the analysis based on data information that:

1. Exclude Bank Recapitalization
2. Refer to Announced Deals
3. Deals total value has been calculated based on deals with disclosed amounts.

IMPORTANT DISCLOSURES

DISCLOSURE STATEMENT (5) – Global Industry Classification Standard (GICS®) based on www.msci.com

Energy Sector: The Energy Sector comprises companies engaged in exploration & production, refining & marketing, and storage & transportation of oil & gas and coal & consumable fuels. It also includes companies that offer oil & gas equipment and services.

Materials Sector: The Materials Sector includes companies that manufacture chemicals, construction materials, glass, paper, forest products and related packaging products, and metals, minerals and mining companies, including producers of steel.

Industrials Sector: The Industrials Sector includes manufacturers and distributors of capital goods such as aerospace & defense, building products, electrical equipment and machinery and companies that offer construction & engineering services. It also includes providers of commercial & professional services including printing, environmental and facilities services, office services & supplies, security & alarm services, human resource & employment services, research & consulting services. It also includes companies that provide transportation services.

Consumer Discretionary Sector: The Consumer Discretionary Sector encompasses those businesses that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, leisure equipment and textiles & apparel. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services.

Consumer Staples Sector: The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as hypermarkets and consumer super centers.

Health Care Sector: The Health Care Sector includes health care providers & services, companies that manufacture and distribute health care equipment & supplies, and health care technology companies. It also includes companies involved in the research, development, production and marketing of pharmaceuticals and biotechnology products.

Financials Sector: The Financials Sector contains companies involved in banking, thrifts & mortgage finance, specialized finance, consumer finance, asset management and custody banks, investment banking and brokerage and insurance. It also includes Financial Exchanges & Data and Mortgage REITs.

Information Technology Sector: The Information Technology Sector comprises companies that offer software and information technology services, manufacturers and distributors of technology hardware & equipment such as communications equipment, cellular phones, computers & peripherals, electronic equipment and related instruments, and semiconductors.

Telecommunication Services Sector: The Telecommunication Services Sector contains companies that provide communications services primarily through a fixed-line, cellular or wireless, high bandwidth and/or fiber optic cable network.

Utilities Sector: The Utilities Sector comprises utility companies such as electric, gas and water utilities. It also includes independent power producers & energy traders and companies that engage in generation and distribution of electricity using renewable sources.

Real Estate Sector: The Real Estate Sector contains companies engaged in real estate development and operation. It also includes companies offering real estate related services and Equity Real Estate Investment Trusts (REITs).

SOURCES

ANNOUNCEMENT

by **VALUATION & RESEARCH SPECIALISTS (VRS)**

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- Listed and non-listed companies;
- Companies with foreign domicile which are however related to Greek ownership.

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THE FINANCE CLUB OF UNIVERSITY OF MACEDONIA



The Finance Club of University of Macedonia is an independent student organization founded by students of UoM (www.uom.gr) that aims to build strong relations between the market and the University. Though based in the University of Macedonia, it also operates via associates in Aristotle University of Thessaloniki and other institutions. Our goal is to give our members the chance to view the market in a more practical approach rather than the abstract knowledge offered by the university. In order to achieve this goal, we organize various events like conferences, workshops and seminars. Moreover, we cooperate with companies by taking up real case projects to work on along with the managers of our associated companies. Finally, we are trying to build and expand our network among students, market professionals and professors giving our members a very broad pool of potential partners and employers.

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